

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON BUSINESS AND LABOR**

**Call to Order:** By **CHAIRMAN JOE MCKENNEY**, on February 13, 2003 at 8:00 A.M., in Room 172 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Joe McKenney, Chairman (R)  
Rep. Jim Keane, Vice Chairman (D)  
Rep. Donald Steinbeisser, Vice Chairman (R)  
Rep. Bob Bergren (D)  
Rep. Rod Bitney (R)  
Rep. Sylvia Bookout-Reinicke (R)  
Rep. Nancy Fritz (D)  
Rep. Dave Gallik (D)  
Rep. Kathleen Galvin-Halcro (D)  
Rep. Ray Hawk (R)  
Rep. Bob Lawson (R)  
Rep. Rick Maedje (R)  
Rep. Gary Matthews (D)  
Rep. Scott Mendenhall (R)  
Rep. Penny Morgan (R)  
Rep. Allen Rome (R)  
Rep. Sandy Weiss (D)  
Rep. Bill Wilson (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Bart Campbell, Legislative Branch  
Alberta Strachan, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: HB 519 (2/7/03); HB 539 (2/7/03);  
HB 543 (2/7/03); HB 555 (2/10/03)  
Executive Action: HB 539 Do Pass; HB 555 Do Pass

**HEARING ON HB 519**

**Sponsor:** REP. GEORGE GOLIE, HB 44, Great Falls

**Opening Statement by Sponsor:**

**REP. GOLIE** read the title of the bill: An act requiring an insurer to pay the ongoing commissions to an independent insurance producer that placed the policy on behalf of the insurer or has been appointed agent of record by the policy owner; requiring the insurer to allow the independent insurance producer to continue to provide service to the policy owner; providing civil remedies for an independent insurance producer that can demonstrate that an insurer has not paid the ongoing commissions or allowed the independent insurance producer to continue providing services to the policy holder; and providing an applicability date.

***{Tape: 1; Side: A; Approx. Time Counter: 1 - 42}***

**Proponents' Testimony:**

**Randall Knowles, Great Falls resident**, provided written testimony from Jim Helgeson, Eric Rolshoven and Lori Fearon.

**EXHIBIT** (buh32a01)

**EXHIBIT** (buh32a02)

**EXHIBIT** (buh32a03)

***{Tape: 1; Side: A; Approx. Time Counter: 42 - 113}***

**Peter Sullivan, Agent**, said he supported this bill.

***{Tape: 1; Side: A; Approx. Time Counter: 114 - 136}***

**Opponents' Testimony:**

**Frank Cote, Health Insurance Association of America**, said he had been a licensed insurance agent since 1980. He said he was stunned the agents would support this bill. He indicated the sections of the bill that needed change. **Mr. Cote** stated that, if the insurance companies do not pay their commissions in the way they are required with this law, they will be able to make money on the fine system indicated in the bill.

***{Tape: 1; Side: A; Approx. Time Counter: 136 - 222}***

**Denise Pizzini, U.S. Tele-Services and Montana Benefits and Health Connections**, spoke on the independent agents being

independent contractors. Insurers appoint agents to represent their company. Legally there is a relationship between an insurer and the appointed agents. Typically, for breach of contract, an appropriate remedy is to take the case to court, have the issues heard on both sides, and have a determination of rightness or wrongness, to determine whether to terminate that agreement or not.

***{Tape: 1; Side: A; Approx. Time Counter: 222 - 298}***

**Jill Gerdrun, State Auditor's Office**, said they oppose this bill because these are contractual issues between insurers and agents. She said she was also concerned about some of the consumer issues in the bill.

***{Tape: 1; Side: A; Approx. Time Counter: 298 - 323}***

**Jacqueline Lenmark, American Counsel of Life Insurers**, said they opposed this bill.

***{Tape: 1; Side: A; Approx. Time Counter: 323 - 335}***

**Greg Van Horssen, State Farm Insurance Company**, said they opposed the bill.

***{Tape: 1; Side: A; Approx. Time Counter: 335 - 340}***

**Informational Testimony:** None

**Questions from Committee Members and Responses:**

**REP. FRITZ** asked Mr. Knowles if he had contact with the companies he indicated in his testimony. The answer was to the affirmative.

***{Tape: 1; Side: A; Approx. Time Counter: 348 - 369}***

**REP. KEANE** asked Mr. McGlenn his reason for not testifying on this bill. **Mr. McGlenn** said they took no position on the bill because, as alluded to by some of the opponents, in the case where there are some legal or ethical problems with the agent which is not serious enough for loss of their license, this issue was of concern to them.

***{Tape: 1; Side: A; Approx. Time Counter: 369 - 400}***

**REP. MATTHEWS** asked about policyholders paying their policies twice. **Mr. Cote** said commissions must be paid to the original writing agent or to the agent appointed agent-of-record.

***{Tape: 1; Side: A; Approx. Time Counter: 400 - 447}***

**Closing by Sponsor:**

The sponsor closed.

***{Tape: 1; Side: A; Approx. Time Counter: 449 - 513}***

**HEARING ON HB 539**

**Sponsor:** REP. JOHN BRUEGGEMAN, HD 74, Polson

**Opening Statement by Sponsor:**

**REP. BRUEGGEMAN** read the title of the bill: An act revising the provisions of the Family Education Savings Act; changing terminology to conform to changes in federal law; clarifying the duties of the Board of Regents and the program manager's responsibilities relating to non qualified withdrawals; clarifying the procedures involving investment products when a program manager is terminated; defining "investment products."

***{Tape: 1; Side: B; Approx. Time Counter: 1 - 28}***

**Proponents' Testimony:**

**Rod Sundsted, Associate Commissioner for Fiscal Affairs, Montana University System**, said this program was assigned to the Board of Regents for administration. This has been a good program. It has great support across the state.

***{Tape: 1; Side: B; Approx. Time Counter: 29 - 52}***

**Arlene Hannawalt, Director, Montana Guaranteed Student Loan Program**, provided written testimony.

**EXHIBIT (buh32a04)**

***{Tape: 1; Side: B; Approx. Time Counter: 53 - 74}***

**Tom Figarelle**, said he supports this bill. He stated the cost of tuition is rising rapidly. Many students borrow money for college from private banking institutions. Banks do not have a cap on their interest rates. Federal assistance programs have interest capped at 3% to 5%. With the increase of borrowing from private institutions, it is creating much more of a burden on students after they graduate. This bill will make the program in the State more effective and more viable for students.

***{Tape: 1; Side: B; Approx. Time Counter: 74 - 97}***

**Opponents' Testimony:** None

**Informational Testimony:**

**Mike Barrett, Helena resident**

**Questions from Committee Members and Responses:**   None

**Closing by Sponsor:**

The sponsor closed.

***{Tape: 1; Side: B; Approx. Time Counter: 194 - 197}***

**HEARING ON HB 543**

**Sponsor:**   **REP. VERONICA SMALL-EASTMAN, HD 6, Lodge Grass**

**Opening Statement by Sponsor:**

**REP. SMALL-EASTMAN** read the title of the bill:  An act requiring an executive branch agency to accept payment by credit card, debit card, charge card, or other commercially acceptable means of a tax or fee that is due to the agency; allowing the agency to charge an amount for nonpayment of the tax or fee; requiring the person who pays by credit card, debit card, charge card, or other commercially acceptable means to pay the fees charged by the financial institution or credit card company.

***{Tape: 1; Side: B; Approx. Time Counter: 200 - 230}***

**Proponents' Testimony:**

**Bob Pfyer, Senior Vice President, Montana Credit Union Network,** said it makes sense to use the option of using modern payment systems.

***{Tape: 1; Side: B; Approx. Time Counter: 230 - 240}***

**REP. GEORGE GOLIE, HD 44, Great Falls,** said this bill was a good idea, it is long overdue and it is a good way for local government and state government to be able to have their taxes and fees paid on time.

***{Tape: 1; Side: B; Approx. Time Counter: 240 - 250}***

**Opponents' Testimony:**

**Dave Galt, Director, Department of Transportation (DOT),** said the idea that state agencies take credit cards is a good idea.  The Department of Transportation started taking credit cards.  When the DOT began taking credit cards, the service charge by the banks was added on to the charge.  In 1995, Visa and MasterCard

interrupted that service stating that this action violated the contract for credit card usage. There is approximately \$40,000 per year in expenses on the fees which DOT has assumed responsibility for since 1995.

***{Tape: 1; Side: B; Approx. Time Counter: 250 - 346}***

**Informational Testimony:**

**John Cadby, Montana Bankers Association**, said he was available for questions.

***{Tape: 1; Side: B; Approx. Time Counter: 350 - 400}***

**Audrey Hinman, Chief, Internet Technology Services Bureau, Department of Administration**, provided written testimony.

**EXHIBIT** (buh32a05)

***{Tape: 1; Side: B; Approx. Time Counter: 401 - 475}***

**Questions from Committee Members and Responses:**

**REP. MENDENHALL** asked the sponsor if this was done by any other state and the answer was to the affirmative.

***{Tape: 1; Side: B; Approx. Time Counter: 484 - 500}***

**Closing by Sponsor:**

The sponsor closed.

***{Tape: 2; Side: A; Approx. Time Counter: 1 - 138}***

**HEARING ON HB 555**

**Sponsor: REP. ROD BITNEY, HD 77, Kalispell**

**Opening Statement by Sponsor:**

**REP. BITNEY** read the title of the bill: An act changing the amount that may be charged for a past-due loan payment from 5% of the amount past due to the greater of 5% of the amount past due or \$15.

***{Tape: 2; Side: A; Approx. Time Counter: 138 - 164}***

**Proponents' Testimony:**

**Jerry Loendorf, Montana Consumer Financial Association**, said this bill updates the Montana law and makes it more consistent with

the surrounding states.

*{Tape: 2; Side: A; Approx. Time Counter: 164 - 203}*

Opponents' Testimony: None

Informational Testimony:

Chris Olson, Banking and Financial Institution Division,  
Department of Administration, said he was available for  
questions.

Questions from Committee Members and Responses: None

Closing by Sponsor:

The sponsor closed.

*{Tape: 2; Side: A; Approx. Time Counter: 210 - 220}*

EXECUTIVE ACTION ON HB 539

*{Tape: 2; Side: A; Approx. Time Counter: 220 - 500}*

Motion/Vote: REP. MORGAN moved HB 539 DO PASS. Motion passed  
18-0.

Motion/Vote: REP. MAEDJE moved HB 539 BE PLACED ON THE CONSENT  
CALENDAR. Motion carried 18-0.

EXECUTIVE ACTION ON HB 555

Motion/Vote: REP. BITNEY moved HB 555 DO PASS. Motion carried  
18-0.

**ADJOURNMENT**

Adjournment: 9:45 A.M.

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REP. JOE MCKENNEY, Chairman

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ALBERTA STRACHAN, Secretary

JM/AS

**EXHIBIT (buh32aad)**